

SCHOOLS

SCHOOL GOVERNMENTAL FUNDS

	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	
	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>	<u>Difference</u>
Revenues:				
Local Sources	\$6,076,282	\$4,123,100	\$4,348,600	\$225,500
State	120,998,384	127,041,300	128,556,100	1,514,800
Federal	107,766	94,000	107,500	13,500
Food Services	12,603,399	13,400,000	13,088,700	(311,300)
Grants	<u>11,587,940</u>	<u>13,188,300</u>	<u>14,684,600</u>	<u>1,496,300</u>
Subtotal Revenues:	151,373,771	157,846,700	160,785,500	2,938,800
Transfer from School CIP	1,941,000	2,362,900	2,621,600	258,700
Transfer from School Food Services	0	0	250,000	250,000
Use of Reserves	0	104,300	370,700	266,400
Transfer, Residual Equity	468,902	0	0	0
Transfer from General Fund:				
State Sales Tax	33,175,380	35,430,500	37,203,900	1,773,400
Local Taxes	155,973,967	162,183,900	175,247,400	13,063,500
Reserved for FY2001 Impact	<u>0</u>	<u>1,004,800</u>	<u>0</u>	<u>(1,004,800)</u>
Subtotal Taxes:	189,149,347	198,619,200	212,451,300	13,832,100
Prior Year Revenue	2,092,900	4,656,800	3,822,400	(834,400)
Grounds Maintenance	<u>1,274,800</u>	<u>1,319,900</u>	<u>1,364,200</u>	<u>44,300</u>
Subtotal Transfer from General Fund:	192,517,047	204,595,900	217,637,900	13,042,000
Beginning Balance	<u>7,872,771</u>	<u>2,205,000</u>	<u>2,343,000</u>	<u>138,000</u>
Total Revenues:	<u>\$354,173,491</u>	<u>\$367,114,800</u>	<u>\$384,008,700</u>	<u>\$16,893,900</u>
Expenditures:				
Instruction	\$220,765,801	\$234,930,572	\$241,991,326	\$7,060,754
Admin/Attend. & Health	11,680,185	13,019,285	13,730,966	711,681
Transportation	12,995,661	13,934,384	14,546,095	611,711
Operations & Maintenance	36,464,125	35,091,959	37,344,317	2,252,358
Debt Service	32,697,928	34,141,100	37,240,800	3,099,700
Grants	11,587,940	13,188,300	14,684,600	1,496,300
Food Services	11,427,162	14,605,000	14,431,700	(173,300)
Grounds Maintenance	1,274,800	1,319,900	1,364,200	44,300
Ending Balance	9,472,189	933,800	2,189,496	1,255,696
Reserve for CIP	<u>5,807,700</u>	<u>5,950,500</u>	<u>6,485,200</u>	<u>534,700</u>
Total Expenditures:	<u>\$354,173,491</u>	<u>\$367,114,800</u>	<u>\$384,008,700</u>	<u>\$16,893,900</u>
Enrollment	50,933	51,089	51,672	583
Average Daily Membership	50,844	50,866	51,446	580
Full Time Equivalents:	6,679.4	6,809.9	6,850.7	40.8

Note: The FY2002 Instruction Expenditure Appropriation includes \$2,263,300 in contingency funding.

SCHOOLS

DESCRIPTION

The Board of Supervisors appropriates funds for the operation of the school system. It is the responsibility of the Superintendent and School Board to develop an annual budget reflecting the needs of the school division.

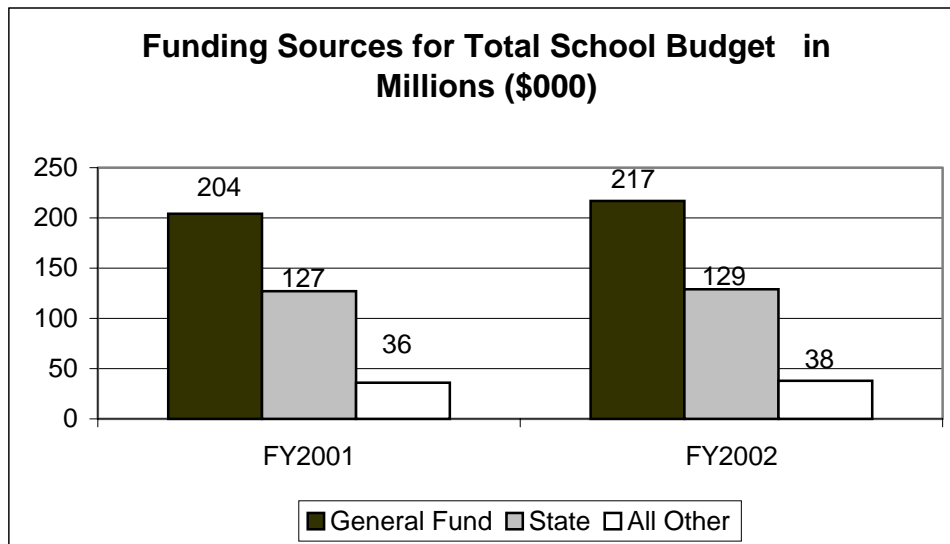
The Board of Supervisors appropriates funds for the operation of the school system. It is the responsibility of the Superintendent and School Board to develop an annual budget reflecting the needs of the school division. Details of the FY2002 School Board Annual Financial Plan are available in a separate document.

FINANCIAL ACTIVITY

On April 24, 2001 the School Board approved an annual financial plan totaling \$377,523,500 in four funds. Additionally, the County budget includes an appropriation for the School Capital Improvement Program Reserve of \$6,485,200, bringing the total School budget to \$384,008,700. The FY2002 School budget represents an increase of \$16,893,900 or 4.6% over the FY2001 level. Student membership is estimated at 51,672, an increase of 296 over actual September 30, 2000 membership.

State revenue (excluding state sales tax) is projected to contribute 34.1% of operating revenue in FY2002.

The FY2002 budget includes a General Fund transfer in the amount of \$217,637,900, which represents an increase of \$13,042,000 or 6.4% over the FY2001 Adopted level. The transfer is based on a real estate tax rate of \$1.08 per \$100 of assessed value. The net tax transfer to Schools is based on a methodology that compares growth in school enrollment to growth in population.



During a work session held in the fall of 2000, the School Board approved four budget priorities against which all proposed expenditures would be measured. To provide a focal point for educating the public about the budget process and budget decisions, the Superintendent brought together a Budget Review Committee from all areas of the school division. The

initiatives described below represent the consensus of the Budget Review Committee as those additional or continuing expenditures most critical to addressing the School Board's established budget priorities.

Attracting and retaining quality staff emerged as perhaps the most critical budget priority. The compensa-

SCHOOLS

tion package (\$11.7 million) includes a minimum 4% increase for all employees. This budget also addresses market disparities in the middle of the teacher range with at least 57% of teachers receiving a 5% increase or more. Forty-seven percent of teachers will receive as much as a 6% or greater increase. Total compensation for employees also includes benefits. The School Board continues to make significant contributions on behalf of its employees in the areas of health care, retirement, and group life insurance. Many School Board employees take advantage of the benefits offered by the early retirement program which will continue in FY2002 and be supported by an additional \$500,000.

A second budget priority focused on the importance of responding effectively and efficiently to mandates. Mandates affecting our school division can come from a variety of sources, not just federal, state and local government, but also from within the division. The School Board's Capital Improvement Program, funded primarily with bond proceeds from the 1996 referendum, can be equated to a home mortgage with required principal and interest payments. For FY2002, the increase in debt service payments will be \$3.1 million. The bus replacement schedule will require the replacement of twenty buses in the coming year at a cost of \$1.1 million. Annual maintenance contracts on our information systems will cost an additional \$276,000.

A third priority identified the need to respond to the expectations of our community. While our community has many families with school age children, the majority of our citizens do not have children at home. Even so, each of these groups maintains high expectations not only for the education of its children but for maintenance of the facilities in which they have a significant investment.

The final priority focused on the need to sustain value added programs and services. Many of these programs and services will be provided next year with no cost increase; however, there are several that will require additional funding in order to be maintained. For example, our contribution to the Math and Science Center will increase; Richmond Governor's school tuition will increase based on an increase per student (the number of students will remain at 200 students); and tuition at the Appomattox Regional Governors

School will increase. Also, an additional \$844,000 is needed for continued operation of our five specialty centers. These initiatives were included in the Superintendent's Proposed budget as well as specific reductions to balance a plan in which projected additional expenditures outpaced projected revenues by \$14.9 million.

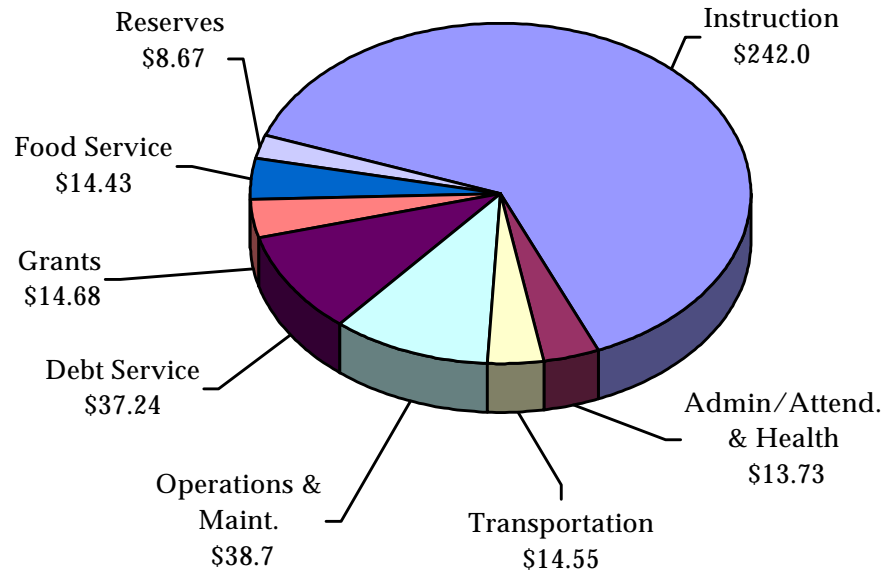
More than one-half of the reductions were related to staffing, including a change in the staffing reserve, a change in department chair responsibilities and compensation, and reductions in guidance, psychologist, and social work positions. The remaining reductions were related to operating costs.

Following the presentation of the Superintendent's Proposed FY2002 Annual Financial Plan, the School Board held two work sessions and one public hearing to review the proposal and receive input. In addition the Superintendent met with affected groups and school administrators on many occasions to receive comments and suggestions relating to his proposal. The School Board made several changes to the proposal resulting from an increase in County revenue, and a change in debt service relating to the bond sale scheduled for February 28, 2001. These changes allowed for some positive changes in areas affected by the earlier redirection of resources and included funds for some additional needs as well. Some of the changes included the restoration of four social work, five guidance, and two psychologist positions. Funds were also approved to support the existing level of school nurses, to increase substitute pay to a level consistent with our neighboring counties, to increase the level of sick leave pay at retirement, and provide for alternative education programs that have been supported by grants in the past.

On April 24, 2001 the School Board adopted changes as follows: increased Instruction by \$1,384,000, reduced debt service by \$549,600, approved a \$940,600 increase in grants for three reading excellence grants (\$383,200) a middle school drug free assistance grant (\$242,800) and a 21st Century Learning Centers grant (\$314,600); \$25,200 in food service, increased the transfer to the Comprehensive Services fund by \$40,000 for services in FY02, and added \$721,900 to ending fund balance. These changes resulted in an approved FY2002 Annual Financial Plan of \$377,523,500 and 6,850.7 FTE's in four funds.

SCHOOLS

FY2002 Adopted School Operating Expenditures in Millions (\$000's)



FUTURE YEAR ISSUES

Although the school division is no longer experiencing the rapid growth of the past, there are many other issues that will require careful attention. Diversified needs of students will require significant resources in the areas of special education, alternative education, and programs for gifted students. Significant steps have been taken in the budget in the area of compensation, but there is more work to be done particularly with regard to the teacher salary scale. Transportation will continue to impact the budget as the School system tries to maintain the bus replacement schedule as well as assess the total cost of alternative programs. Debt service will remain a significant portion of the budget for years to come with the addition of new facilities and the renovations of and additions to existing facilities.

The School Board approved a Capital Improvement Program for FY2002-FY2007 totaling \$231.9 million. Changes totaling \$2.166 million were adopted by the Board of Supervisors bringing the total School

Adopted CIP to \$234.1 million. A combination of debt anticipated to be sold and cash from the annual allocation to the Schools Capital Projects Reserve in conjunction with cash proffers projected to be collected will fund the following projects: the addition and renovations to Chalkley, Hening and Greenfield elementary schools, renovations to the Chesterfield Technical Center, Monacan and Midlothian high school field houses renovations, additions to classrooms, other renovations (i.e. mechanical systems, floor and/or carpet replacement, etc.), technology upgrades to older school buildings, and the opening of additional specialty centers. Also funded is computer replacement, renovation of office space, additional funding needed to complete the new Matoaca high school, a new warehouse space, and planning for future schools and land acquisition. The completion of these facilities will not only require additional debt service funding but an increase in operating for utility costs, and additional staff positions to support the opening of additional specialty centers.